Before the Federal Communications Commission Washington, DC 20554

In the Matter of	_)
Schools and Libraries Universal Service Support Mechanism) CC 02-6
Further Notice of Proposed Rule Making) FCC 03-323
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COMMENTS OF THE

American Association of School Administrators

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Association of Educational Service Agencies

INTRODUCTION

The American Association of School Administrators (AASA), representing more than 14,000 school superintendents and local educational leaders, and the Association of Educational Service Agencies (AESA), representing over 520 educational service agencies throughout the country, would like to offer comment on the recent and proposed changes by the Commission to the E-Rate program. Local school districts have recognized the role of technology in the modern classroom and the role that E-Rate has played in aiding connectivity. Specifically, meeting the new mandates of No Child Left Behind (NCLB) is placing an even greater emphasis on distance learning and connectivity, especially in geographically isolated areas. Therefore, AASA and AESA strongly believe that while the overall goals of E-Rate must remain, it is necessary to make programmatic improvements to allow for more efficient operation.

Before commenting on the proposed rules, AASA and AESA would like to strongly applaud the changes to the internal connections mechanism that would only allow an

eligible entity to receive discounts only two out of five years. This is the same recommendation that an AASA witness made before the Commission in the hearing held last spring by Commissioner Abernathy. We feel this is a good way to extend the internal connection dollars by not allowing the same applicants to receive discounts for internal connections year after year. In addition, this new rule will cause school districts to consider requests more carefully, knowing that they can only receive possible discounts every two out of five years. This will work to counter any concerns about waste in the program, as applicants will have to be much more judicious in their requests. Also, by limiting the applicant pool, there is a stronger possibility that internal connections discounts will extend to lower discounts giving more applicants a chance.

Furthermore, we support the Commission's clarification on transfer of equipment. By restricting transfers of equipment to three years after purchase, the Commission is still promoting local control and decision making, while ensuring that applicants are not taking advantage of the program through repeated requests. This change will also limit the applicant pool for internal connections on a yearly basis.

We would also like to comment on the recent decision by the Commission regarding unexpended funds dedicated to the Schools and Libraries fund. The decision to offset other universal service programs with the funding set aside for the Schools and Libraries fund goes back on a previous Commission decision to roll over all remaining E-Rate funding into the current fiscal year. While this latest action is being described as a cash management issue, we feel it sends the wrong message to E-Rate applicants across the country. Universal service contributions should not be offset through E-Rate funds, but rather steps should be taken to address the issues surrounding the overall contribution factors.

In our initial comments to the Commission's most recent Further Notice of Proposed Rulemaking, AASA would like to comment on the following areas: 1) the proposed discount matrix adjustment; 2) proposed changes to the competitive bidding process; 3) a new definition for rural areas; 4) proposals regarding the content of technology plans and

applications; and 5) a proposal to establish a priority for eligible applicants that have not yet established connectivity.

1) AASA & AESA Oppose Any Additional Changes to the Discount Matrix at this Time

Within this FNPRM, the Commission seeks comment on whether to amend the maximum discount rate for internal connections. Specifically, they seek to lower the maximum discount rate from 90 percent to 80 percent for internal connections only as a deterrent to waste, fraud and abuse.

AASA and AESA strongly oppose the implementation of this discount matrix adjustment. Based on the Commission's decision to limit awarding discounts for internal connections to two out of five years, we strongly believe that applicants will have to think more carefully about their requests in order to get the best use out of their limited discounts. This in itself should limit waste, fraud and abuse. Additionally, the Schools and Library Division (SLD) recently announced that with Wave 23 of the FY 2003 funding discounts, they will reach down to the 70 percent discount levels. This is a significant development. It demonstrates that internal connections can reach lower brackets. The addition of the Commission's new rule will increase the chances of the internal connections discounts reaching lower levels.

AASA and AESA are concerned that lowering the maximum discount for internal connections will translate into a doubling of local contribution. In a time of record state funding shortfalls and tight budgets, this could restrain applicants from participating, especially in high-poverty and rural areas. Since these are the populations that E-Rate targets, it is important not to make any changes that would hinder their participation.

In addition, AASA and AESA are not in support of developing funding caps to ensure fiscally responsible applications. Funding caps will be a complicated addition to a program already filled with complexity. Issues such as cost differential due to geographic location and access to potential vendors can have a large impact on costs

regardless of any effort by the local applicant to keep costs down. There is no real indication what a funding cap would do to limit waste, fraud and abuse. Through the technology plan and increased restrictions on internal applications, funding caps could only hinder technological progress at the local level.

AASA and AESA strongly believe that it is important for the Commission to wait and see the impact that their latest rule change has before making any other adjustments. This will allow tracking of improvements based on the specific change made.

2) AASA and AESA Support Some of the Changes to the Competitive Bidding **Process**

Within this area the FNPRM seeks comment on the role of the Form 470 in the competitive bidding process and possible ideas for simplification of the process. This could have a large impact in the area of recurring services, such as telephone local and long distance charges and internet access service. These services do not often get multiple bids on a yearly basis.

AASA and AESA support the elimination of the Form 470 for cases of recurring services. Multiple year contracts could allow applicants increased flexibility to reduce costs through multiple year contracts and reduce administrative burden through relieving paperwork. In order to keep the competitive nature of E-Rate, it would be important to put these services up for competitive bidding every 3 to 5 years. Overall, this will help to streamline the application process at the local level.

3) AASA and AESA Support Changes in the Definition of Rural Areas

The FNPRM requests comments and suggestions for a new definition of rural in place of the outdated Goldsmith Modification by the Office of Rural Health Care Policy. The use of the most accurate definition of rural is critical in a program that places a greater benefit based on the applicant's geography. It is common knowledge that rural areas are some of the hardest and most expensive to connect. A new definition in this area will help target help in areas where it is most needed.

AASA and AESA strongly urge the adoption of the US Johnson Locale Codes from the National Center for Education Statistics out of the US Department of Education. We closely align our comments in this area with those comments submitted by the Rural School and Community Trust on rural definitions. Specifically, we urge the Commission to adopt locale codes 6, 7 and 8 as representative of rural areas.

The Locale codes are newly defined as follows:

- (1) Large City A central city of a Core-based Statistical Area (CBSA) with the city having a population greater than or equal to 250,000
- (2) **Mid-Size City** A central city of a CBSA or Consolidated Statistical Area (CSA), with the city having a population less than 250,000
- (3) **Urban Fringe of a Large City** Any incorporated place, Census designated place (CDP), or non-place territory within a CBSA or CSA of a Large City and defined as urban by the Census Bureau.
- (4) **Urban Fringe of a Mid-Size City** Any incorporated place, Census designated place (CDP), or non-place territory within a CBSA or CSA of Mid-Size City and defined as urban by the Census Bureau.
- (5) **Large Town** An incorporated place or Census designated place (CDP) with a population greater than or equal to 25,000 and located outside a CBSA or CSA.
- (6) **Small Town** An incorporated place or Census designated place (CDP) with a population less than 25,000 and greater than 2,500 and located outside a CBSA or CSA.
- (7) **Rural, outside CBSA** Any incorporated place, Census designated place (CDP), or non-place territory not within a CBSA or MSA and defined as rural by the Census Bureau
- (8) **Rural, inside CBSA** Any incorporated place, Census designated place (CDP), or non-place territory within a CBSA or MSA and defined as rural by the Census Bureau.

Local school districts are already familiar with the Johnson Locale Codes. Within the Department of Education, the Rural Educational Achievement Program has been using these codes to identify eligible districts since FY 2001. This has given rural areas several years to become aware of the locale codes and also to appeal their school district's classification if they felt they were labeled in error. This has resulted in one of the most accurate definitions of local geographic placement. Because this coding is down to the school building level, it would be easy to extend to library buildings as well.

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Census data has never been a truly accurate measure of school districts because the data is compiled on a county-wide basis. Only a handful of states have school districts that are contiguous with the county borders. Most states have multiple districts within one county. The US Johnson Locale codes allow for the geographic variation within counties providing for a more accurate description. This is a coding system that schools are already familiar with, so there would be less education necessary at the applicant level.

Finally, AASA and AESA do not believe that current eligible rural entities should be grandfathered into the new definition. This will detract from the targeted nature of the discount and not accurately describe the increases in population in many rural areas as they transform to bedroom communities.

4) AASA and AESA Oppose Some of the Proposed Changes to the Technology Plans and Applications

The Commission seeks comment in the FNPRM to codify the requirements within the technology plans required for E-Rate application. AASA supports efforts to align the technology plan requirements with those required under the No Child Left Behind Act within the US Department of Education. This will alleviate duplication of work at the local level and allow for continuity of message and focus in technology planning within school districts.

However, AASA and AESA oppose any attempts to require applicants to analyze the cost of materials within technology plans or weight whether items should be purchased or leased. These are not appropriate discussions for the technology plan. That plan should contain the overall vision for the applicant when it comes to technology and not get caught up in too much specificity. This document is intended to last over several years and should not have to be altered as changing marketplaces alter cost options. If the local applicants chooses to include that information, that should be their own decision; not one mandated by the Commission on a national level.

Furthermore, AASA and AESA support the proposed change that would prevent individual schools from applying for E-Rate without knowledge and approval from their central offices. This is important for coordinated leadership at the school district level.

5) AASA and AESA Express Guarded Support for Setting Priority for Applicants that Have Not Achieved Connectivity

The Commission seeks comment in the FNPRM on the establishment of priority for internal connections to those applicants that have yet to achieve internet connectivity in their classrooms or libraries. AASA and AESA agree that E-Rate should be focused on those that have yet to achieve connectivity; however, we are not sure the best way to accomplish this is through changing the priorities.

The first decision that must be made is what will constitute connectivity. We agree that it should be a link to the classroom, but should dial-up access qualify? AASA and AESA believe that the most effective internet connections are high speed capacity that can handle the new levels of complex educational media options that can be downloaded from the internet.

For those applicants that have yet to reach that level of connectivity, steps should first be taken to ensure that they are applying. Specific outreach methods should be taken to educate and encourage those populations that consistently do not apply for discounts through E-Rate, especially those that are eligible for internal connections.

Finally, if the Commission chooses to adopt priority for applicants who have not achieved connectivity, the priority should be established within each of the discount levels. This would allow continuation of the discounts to those applicants who are in greatest financial need.

Conclusion

In conclusion, AASA and AESA would like to express their appreciation for the Commission's dedication to the E-Rate program. This program has directly benefited

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schools and libraries around the country by ensuring their connectivity to the internet and the closing of the digital divide. E-Rate has come a long way in increasing connectivity, but there is still more to that can be done. We urge the Commission to consider the potential negative impact of any potential rule changes on those groups of applicants that are in greatest need.

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